

Message Text

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43

ACTION AID-59

INFO OCT-01 EA-11 ISO-00 AGR-20 IGA-02 CIAE-00 INR-10

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P R 221040Z MAR 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC PRIORITY 2953

INFO AMEMBASSY PHNOM PENH

AMEMBASSY BANGKOK

AMEMBASSY VIENTIANE

AMEMBASSY SEOUL

AMCONSUL DANANG

AMCONSUL NHA TRANG

AMCONSUL BIEN HOA

AMCONSUL CAN THO

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E.O. 11652: N/A

TAGS: EAGR, VS

SUBJECT: RICE SITREP FOR FEBRUARY 1974

REF: SAIGON 2496

1. SUMMARY. NATIONAL FOOD ADMINISTRATION (NFA) RICE STOCKS ARE MODESTLY HIGHER AS A RESULT OF CONTINUED IMPORTS AND DOMESTIC PURCHASES AT HIGHER CONTRACT PRICES. OTHER RECENT CHANGES IN NFA DISTRIBUTION AND PRICE POLICY FOR BOTH IMPORTED AND DOMESTIC RICE ARE LIKELY TO IMPROVE NFA'S STOCK SITUATION FURTHER. IN FEBRUARY MERCHANTS BOUGHT AND SHIPPED TO CENTRAL VIETNAM 25,033 MT OF RICE, THE HIGHEST ONE MONTH TOTAL ON RECORD. PADDY AND RICE PRICES ARE CURRENTLY INCREASING MODERATELY. BECAUSE OF STRONG DEMAND FROM BOTH NFA AND CENTRAL VIETNAM MERCHANTS, PRICES ARE LIKELY TO CONTINUE TO RISE FOR THE NEXT MONTH OR TWO RATHER TO FALL AS THEY NORMALLY WOULD IN THIS SEASON. END OF SUMMARY.

2. END FEBRUARY SAIGON AND CENTRAL VIETNAM STOCKS (1,000 MT)

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SAIGON IMPORTED 50.4

SAIGON DOMESTIC	48.2
SAIGON PRIVATE	13.3
DEFICIT PROVINCES	38.1
TOTAL	150.0

3. APPARENT FEBRUARY CONSUMPTION (1,000 MT)

END JANUARY STOCKS	129.5
FEBRUARY DELTA DELIVERIES	75.6
FEBRUARY IMPORTS	18.5
TOTAL AVAILABLE	223.6
MINUS END FEBRUARY STOCKS	150.0
EQUALS APPARENT FEBRUARY	73.6
CONSUMPTION	

4. FEBRUARY IMPORTS TOTALLED 18,470 MT, INCLUDING 5,370 MT FROM PA 45-752 AND 13,100 MT REPAYMENT BY CAMBODIA.

5. FEBRUARY DELTA DELIVERIES TOTALLED 75,605 MT. MARCH DELIVERIES THROUGH THE 16TH WERE 28,632 MT.

6. EFFECTIVE MARCH 6, THE OFFICIAL SELLING PRICE FOR US LONG GRAIN RICE WAS RAISED FROM 146 PIASTERS A KILO TO 175 AND THAT FOR MEDIUM GRAIN FROM 140 TO 165 PIASTERS PER KILO. THE RICE ALLOWANCE FOR SOLDIERS AND CIVIL SERVANTS WAS RAISED AT THE SAME TIME FROM 3,000 TO 3,500 PIASTERS PER MONTH. NFA HELD DOMESTIC RICE STOCKS MORE THAN DOUBLED DURING FEBRUARY, FROM 23,400 MT TO 48,200 MT. ACCORDING TO NFA OFFICIALS THIS WAS DUE PARTLY TO DELIVERY OF MOST OF THE 12,447 MT CONTRACTED IN JANUARY, PARTLY TO LATE DELIVERIES ON DECEMBER CONTRACTS, AND PARTLY TO A ONE-TIME USE OF FUNDS FROM PEREQUATION TAX RECEIPTS TO MAKE QUICK (TEN DAY DELIVERY PERIOD) PURCHASES FROM PRIVATELY HELD STOCKS IN SAIGON.

7. ALSO IN THE FIRST WEEK OF MARCH THE NFA SUBSTANTIALLY RAISED ITS CONTRACT PURCHASE PRICES FOR DOMESTIC RICE. ITS PURCHASE PRICE FOR NO. 1 WHITE RICE, 25 PERCENT BROKENS WAS UPPED FROM 13,500 PIASTERS PER 100 KILOS TO 15,000. IT NOW COMPARES VERY FAVORABLY WITH THE CURRENT FREE MARKET WHOLESALE PRICE FOR THE SAME TYPE OF RICE, 15,500 PIASTERS PER 100 KILOS. THE TOTAL AMOUNT CONTRACTED AT THE NEW PRICE HOWEVER, HAS BEEN SOMEWHAT LIMITED OFFICIAL USE

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LESS THAN ANTICIPATED. MERCHANTS COMPLAIN THAT QUALITY AND DELIVERY CONDITIONS ARE SO STRICTLY ENFORCED THAT THE RISK OF DEFAULTING ON CONTRACTS IS TOO HIGH. IN THE FACE OF CONTINUING PRESSURE ON PADDY AND RICE PRICES BY CENTRAL VIETNAMESE MERCHANTS AND LIMITS ON CREDIT, MOST PREFER TO SELL ONLY SMALL AMOUNTS TO NFA AND TO RESERVE THE BULK FOR THE FREE MARKET. NEW CONTRACTS HAVE BEEN SIGNED FOR ONLY 4,800 MT THUS FAR IN MARCH, BUT ARE EXPECTED TO PICK UP SOME THIS WEEK AND WILL PROBABLY

REACH 20,000 MT TO 30,000 MT BEFORE THE END OF THE MONTH.

8. NFA IS NOW TAKING STEPS TO REDUCE ISSUANCES FROM GOVERNMENT STOCKS. CIVIL SERVANTS ARE NO LONGER PERMITTED TO BUY US RICE FROM US STOCKS, BUT ARE RESTRICTED TO DOMESTIC RICE. AT THE SAME TIME NFA SHARPLY INCREASED SELLING PRICES OF DOMESTIC RICE, BRINGING THEM ALMOST TO FREE MARKET LEVELS. ISSUANCES TO CIVIL SERVANTS HAD BEEN RUNNING AT ABOUT 9,000 MT A MONTH. NFA OFFICIALS BELIEVE THEY WILL BE SHARPLY REDUCED AS CIVIL SERVANTS WILL LIKELY PREFER TO BUY ON THE FREE MARKET RATHER THAN WAIT IN LINES TO MAKE THE MINIMAL SAVINGS POSSIBLE.

9. TOTAL PRIVATE SECTOR SHIPMENTS TO CENTRAL VIETNAM DURING FEBRUARY WERE THE HIGHEST ON RECORD FOR A SINGLE MONTH, 25,033 MT. SCHEDULED MARCH DELIVERIES THROUGH THE 19TH TOTAL 10,290 MT.

10. PRICES

A. DELTA PADDY AT THE MILL (WEIGHTED AVERAGE PER 100 KILOS)

	OCT 1	NOV 1	DEC 1	JAN 1	FEB 1	MAR 8
HIGH QUALITY	9,352	9,278	10,702	10,016	10,325	10,725
MEDIUM QUALITY	8,413	8,523	9,600	9,198	9,236	9,823

B. SAIGON WHOLESALE RICE PRICES (100 KILOS)

	JAN 21	FEB 4	FEB 18	MAR 4	MAR 11
NANG HUONG	22,000	21,200	20,000	19,500	19,500
SOC NAU	15,000	16,200	16,100	16,000	16,200
NO.1, 25PERCENT	14,200	15,800	15,500	15,400	15,500
MIRACLE RICE	14,000	14,900	15,100	15,300	15,500

C. SAIGON RETAIL RICE PRICES (100 KILOS)

	JAN 21	FEB 4	FEB 18	MAR 4	MAR 11
NANG HUONG	23,000	22,000	21,500	21,000	21,500
SOC NAU	16,500	17,200	17,200	17,000	17,300

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